# GOVERNMENT OF INDIA
# COMMERCE AND INDUSTRY
# LOK SABHA

STARRED QUESTION NO:221
ANSWERED ON:26.08.2013
IMPACT OF TRADE DEFICIT
Kaswan Shri Ram Singh;Yadav Shri Dinesh Chandra

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether the share of the export sector in the Gross Domestic Product of the country has been rising constantly despite the increase in trade deficit during the last three years and the current year and if so, the details thereof, year-wise;

(b) whether the gap between the import and export has caused a negative impact on the economic condition of the country during the last three years and the current year and if so, the details of the sectors adversely affected thereby along with the reaction of the Government thereto;

(c) whether the Government proposes to comprehensively review the ongoing export promotion schemes being implemented for promoting the export sector and if so, the details and the present status thereof;

(d) whether the Government proposes to enhance the benefits provided to the exporters under various schemes to minimize the impact of the trade deficit on them; and

(e) if so, the details thereof along with the concrete steps taken by the Government in this regard?

## Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

a)to e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 221 FOR ANSWER ON 26TH AUGUST, 2013 REGARDING "IMPACT OF TRADE DEFICIT"

a) The share of export sector in the gross domestic product of the country has shown a consistent rise except for 2012-13, when there was a marginal dip in the share from 17.6% to 17.3%. This is attributable to international economic crisis and contraction in global demand. The trade deficit, however, has been increasing consistently. For the current year, the merchandise trade deficit is US$62.4 billion for the period April 2013-July 2013 as compared to US$59.7 billion for the relevant period last year. The table below gives details for the last 3 years :

(Value in US$ Billion)

| YEAR | Exports | Imports | GDP | Exports as %age of GDP | Trade Deficit |
|---|---|---|---|---|---|
| 2010-11 | 251.1 | 369.8 | 1594.9 | 15.7 | 118.7 |
| 2011-12 | 306.0 | 489.3 | 1743.1 | 17.6 | 183.3 |
| 2012-13 | 300.3 | 491.9 | 1738.8 | 17.3 | 191.6 |

(b) The increase in trade deficit has negatively impacted the economic condition of the country. Though merchandise trade has increased, our trade deficit has also increased. The global economic crisis, the sovereign debt crisis in Europe and the economic slowdown in developed economies have adversely impacted demand for our exports. Exports of engineering goods, gems & jewellery, textiles, electronic goods, iron ore, mining have been affected during 2012-13.

(c) The Government assesses our export performance on a continuous basis and need based corrective measures to boost exports are taken from time to time. Intensive consultations have been held with Export Promotion Councils (EPCs), Apex Chambers of Trade and Industry, various Union Ministries / Departments and State Governments. Meeting of Board of Trade was also convened in March, 2013. The Board of Trade is again meeting tomorrow, on 27th August, 2013.

(d) & (e) Government has announced certain export promotion measures as part of Annual Supplement to the Foreign Trade Policy (2009-14) on 18.04.2013. Government continued the strategy of product diversification and market diversification. More countries have been added under both Focus Market Scheme (FMS) and Special Focus Market Scheme (Special FMS). 47 new items have been added to the Market Linked Focus Product Scheme (MLFPS) and 122 new items have been added to the Focus Product Scheme (FPS). Subsequently, Government has notified 153 high-tech products on 10.07.2013 under Focus Product Scheme. Government has further enhanced the rate of interest subvention from 2% to 3% with effect from 01.08.2013.